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**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

APR 11 1963

consolidated

financial

statement

December 31, 1961





Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMP

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1961 (Expressed in Canadian Curren

Assets

Current Assets

Cash on hand and in banks		\$ 1,924,555.07
Accounts receivable—trade	\$3,566,284.89	
Less reserve for doubtful accounts (after provision for taxes)	118,807.41	3,447,477.48
Admiral Corporation and related companies—trade accounts		3,027,046.51
Inventory of parts, work in process and finished goods as certified by the management and valued on a basis of cost or market whichever was the lower	2,899,496.44	
Goods in transit—at cost	203,631.54	
		<u>\$11,502,207.04</u>

Investment—at cost		320.00
--------------------------	--	--------

Investment in Unconsolidated Subsidiary—at cost		5,005.00
-------------------------------------------------------	--	----------

Advances to Unconsolidated Subsidiary		300,000.00
---------------------------------------------	--	------------

Fixed Assets—at cost

Land	\$ 31,055.71	
Buildings	\$ 786,888.76	
Equipment	893,117.47	
	<u>\$1,680,006.23</u>	
Less reserve for depreciation	1,040,386.30	639,619.93
Leasehold improvements, amortized to date	43,125.55	713,801.19
		<u>32,054.13</u>
Deferred Charges		<u>\$12,553,387.36</u>

Vincent Barreca, DIRECTOR

Stuart D. Brownlee, DIRECTOR

Auditors' report to the shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1961, and the statement of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above consolidated balance sheet and accompanying

TORONTO, FEBRUARY 9, 1962

Current Liabilities

Accounts payable	
Income tax withheld from wages a	
Accrued wages and other expenses	
Excise and sales taxes payable	
Provision for dominion and provinc	
Reserve for warranties (after provi	

Capital Stock and Surplus

Capital stock:	
Authorized—300,000 shares at a	
Issued and fully paid— 287,776 shares	
Note: 100,000 shares issued as co ..	
and \$5,000.00 cash	
Capital surplus	
	Earned surplus December 31, 1961

The note
ments are
and shoul

consolidated statement of income and
drawn up so as to exhibit a true and
Admiral Corporation, Ltd. and its
its operations for the year ended on
principles applied on a basis consist

**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

Liabilities

royalties	\$ 1,764,120.23
	22,923.12
	121,888.88
	549,513.01
income taxes	410,130.63
for taxes)	58,514.41
	<u>\$ 2,927,090.28</u>

value of \$1.00 per share ... \$ 300,000.00

..... \$ 287,776.00

deration for contract rights, etc.

.....	<u>781,002.72</u>
	\$1,068,778.72
.....	<u>8,557,518.36</u>
	<u>9,626,297.08</u>
	<u><u>\$12,553,387.36</u></u>

consolidated financial statement
integral part of this statement
e read in conjunction herewith.

earned surplus, together with the notes attached, are properly
rect view of the state of the consolidated affairs of Canadian
sidiary company as at December 31, 1961, and the results of
hat date, in accordance with generally accepted accounting
with that of the preceding year.

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS
AUDITORS

**CONSOLIDATED STATEMENT
OF INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED
DECEMBER 31, 1961**

Net sales	\$ 18,000,622.99
Cost of goods sold and general and administrative expenses	<u>16,983,789.02</u>
Net income before providing for the following:	\$ 1,016,833.97
Executive remuneration	\$ 72,000.00
Legal fees	21,782.55
Depreciation of fixed assets	77,512.13
Amortization of leasehold improvements	13,536.44
Amortization of contract rights, etc.	15,463.88
	<u>200,295.00</u>
Net operating profit	\$ 816,538.97
Profit on sale of land	33,579.53
Net profit before providing for income taxes	\$ 850,118.50
Provided for dominion and provincial income taxes	\$ 429,112.98
Deduct amount charged to reserves for doubtful accounts and warranties	165,604.17
	<u>263,508.81</u>
Net profit	\$ 586,609.69
Earned surplus at beginning of year	7,970,908.67
Earned surplus at end of year— per accompanying consolidated balance sheet	\$ 8,557,518.36

The notes to consolidated financial statements are an integral part of this statement and should be read in conjunction herewith.





Printed in U.S.A.

**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

**NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1961**

Contingent Liabilities and Other Comments

- (1) Under the company's Retirement Income Plan, the estimated unfunded cost for past service benefits, as calculated by the actuaries, will amount to approximately \$80,351.84 at December 31, 1961, payable over seven years.
- (2) As at December 31, 1961, the company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.
- (3) The profit of the unconsolidated subsidiary for the year ended December 31, 1961, amounting to \$20,273.53 has not been recorded in the accounts.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
John M. Godfrey Q.C.
Secretary
Gerald J. Clarke
Treasurer
George E. Driscoll
Assistant Treasurer &
Assistant Secretary

general offices and factories

**501 LAKESHORE ROAD
PORT CRÉDIT, ONTARIO, CANADA**

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**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

APR 11 1963

consolidated

financial

statement

December 31, 1962

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COM

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1962 (Expressed in Canadian Cur

Assets

Current Assets

Cash on hand and in banks.....	\$ 2,400,582.27
Bank time deposit and certificate.....	1,610,625.00
Accounts receivable—trade	\$4,175,982.75
Less reserve for doubtful accounts (after provision for taxes).....	132,402.58
Admiral Corporation and related companies—trade accounts.....	4,043,580.17
Inventory of parts, work in process and finished goods as certified by the management and valued on a basis of cost or market whichever was the lower.....	13,915.31
Goods in transit—at cost.....	4,132,346.62
	129,076.79
	\$12,330,126.16
Investment—at cost	320.00
Investment in Unconsolidated Subsidiary—at cost.....	5,005.00
Advances to Unconsolidated Subsidiary.....	300,000.00
Fixed Assets—at cost	
Land	\$ 31,055.71
Buildings	\$ 859,560.00
Equipment	943,881.91
	\$1,803,441.91
Less reserve for depreciation.....	1,105,718.64
Leasehold improvements, amortized to date.....	697,723.27
	50,928.06
	779,707.04
Deferred Charges	118,405.79
	\$13,533,563.99

Vincent Barreca, DIRECTOR
Stuart D. Brownlee, DIRECTOR

Auditors' report to the shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1962, and the statement of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanation given to us and as shown by the books of the companies, the above consolidated balance sheet and accompanying

TORONTO, FEBRUARY 13, 1963

Current Liabilities

Accounts payable	
Due to unconsolidated subsidiary	
Income tax withheld from wages	
Accrued wages and other expenses	
Excise and sales taxes payable	
Provision for dominion and provincial taxes	
Reserve for warranties (after provision for	

Capital Stock and Surplus

Capital stock:	
Authorized—300,000 shares a	
Issued and fully paid—	
287,776 shares	
Note: 100,000 shares issued etc. and \$5,000.00 cash	
Capital surplus	
	Earned surplus December 31, 1962

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consolidated statement of income and
drawn up so as to exhibit a true and
Admiral Corporation, Ltd. and its
its operations for the year ended
principles applied on a basis con

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Liabilities

.....	\$ 2,292,842.89
.....	3,418.08
.....	26,055.31
.....	123,454.89
.....	688,695.09
.....	258,187.64
.....	62,002.08
income taxes.....	<u>\$ 3,454,655.98</u>

ar value of \$1.00 per share.... \$ 300,000.00

..... \$ 287,776.00

consideration for contract rights,

.....	<u>781,002.72</u>
.....	\$1,068,778.72
.....	<u>9,010,129.29</u>
.....	<u>10,078,908.01</u>

..... \$13,533,563.99

to consolidated financial statements are an integral part of this statement and should be read in conjunction herewith.

earned surplus, together with the notes attached, are properly correct view of the state of the consolidated affairs of Canadian subsidiary company as at December 31, 1962, and the results of that date, in accordance with generally accepted accounting principles with that of the preceding year.

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS
AUDITORS

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1962

Net sales	\$ 21,123,380.85
Cost of goods sold and general and administrative expenses.....	<u>20,027,556.95</u>
Net income before providing for the following:	\$ 1,095,823.90
Executive remuneration	\$ 77,029.00
Legal fees	15,861.60
Depreciation of fixed assets.....	82,641.65
Amortization of leasehold improvements	<u>11,591.79</u> <u>187,124.04</u>
Net profit before providing for income taxes.....	<u>\$ 908,699.86</u>
Provided for dominion and provincial income taxes.....	\$ 463,520.94
Deduct amount charged to reserves for doubtful accounts and warranties	<u>7,432.01</u> <u>456,088.93</u>
Net profit	\$ 452,610.93
Earned surplus at beginning of year.....	<u>8,557,518.36</u>
Earned surplus at end of year— per accompanying consolidated balance sheet....	<u>\$ 9,010,129.29</u>

The notes to consolidated financial statements are an integral part of this statement and should be read in conjunction herewith.

**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY COMPANY**

*NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1962*

Contingent Liabilities and Other Comments

- (1) Under the company's Retirement Income Plan, the estimated unfunded cost for past service benefits, as calculated by the actuaries, will amount to approximately \$56,320.00 at December 31, 1962, payable over six years.
- (2) As at December 31, 1962, the company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.
- (3) The profit of the unconsolidated subsidiary for the year ended December 31, 1962, amounting to \$7,121.74 has not been recorded in the accounts.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
John M. Godfrey Q.C.
Secretary
Gerald J. Clarke
Treasurer
George E. Driscoll
*Assistant Treasurer &
Assistant Secretary*

general offices and factories

*501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA*

AR05

confidential

Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY

3 lines

consolidated

financial

statement

DECEMBER 31, 1965

Canadian Admiral CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1965 with comparative figures (Expressed in Canadian Currency)

Assets

	1965	*1964
Current Assets		
Cash on hand and in banks	\$ 3,499,966	\$ 3,738,425
Accounts receivable (less allowance for doubtful accounts)	4,952,854	4,772,169
Due from unconsolidated subsidiary	138,356	120,253
Inventories of finished products, work in process and raw materials—at the lower of cost or market	5,710,551	4,988,592
Prepaid expenses	93,213	36,605
Total current assets	\$14,394,940	\$13,656,044
 Investment in Unconsolidated Subsidiary—at cost	 \$ 5,005	 \$ 5,005
 Advances to Unconsolidated Subsidiary	 \$ 300,000	 \$ 300,000
 Property, Plant and Equipment		
Land, building, machinery and equipment—at cost	\$ 2,741,018	\$ 2,368,620
Less accumulated depreciation	1,458,491	1,303,361
	\$ 1,282,527	\$ 1,065,259
 Unamortized cost of tools, dies and leasehold improvements	 172,289	 126,140
	\$ 1,454,816	\$ 1,191,399
	\$16,154,761	\$15,152,448
 Signed on behalf of the Board		
	<i>Vincent Barreca, DIRECTOR</i>	
	<i>Stuart D. Brownlee, DIRECTOR</i>	

Current Liabilities

Accounts payable and accrued
Income and other taxes
Admiral Corporation and trade accounts
Total current liabilities
 Allowance for Warranties
 Deferred Income Taxes
 Total liabilities

Shareholders' Equity

Capital Stock:
Common—par value \$
Authorized—300,000
Issued and fully paid—
Capital surplus
 Retained earnings

* reclassified for comparative purposes

The accompanying notes are

Auditors' report to the Shareholders

We have examined the balance sheet of Canadian Admiral Corporation, Ltd. and of its subsidiary company Canadian Admiral Sales Limited as at December 31, 1965, and the statement of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the above consolidated balance sheet and

TORONTO, FEBRUARY 4, 1966.

accompanying consolidated statements of income and retained earnings, which are attached, are properly drawn up in accordance with the generally accepted accounting principles of the consolidated affairs of Canadian Admiral Corporation, Ltd. and its subsidiary company as at December 31, 1965, and the accompanying notes are presented in accordance with generally accepted accounting principles of the preceding year.

for 1964

Canadian Admiral
CORPORATION, LTD,
AND SUBSIDIARY

Liabilities

	1965	*1964
expenses	\$ 2,603,011	\$ 2,911,643
.....	1,209,361	793,842
and companies—	152,320	152,910
.....	\$ 3,964,692	\$ 3,858,395
.....	186,916	137,805
.....	43,421	27,859
.....	\$ 4,195,029	\$ 4,024,059

per share—

76 shares	\$ 287,776	\$ 287,776
.....	781,003	781,003
.....	\$ 1,068,779	\$ 1,068,779
.....	10,890,953	10,059,610
.....	\$11,959,732	\$11,128,389
.....	\$16,154,761	\$15,152,448

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ent of income and retained earnings, together with the notes
o as to exhibit a true and correct view of the state of the
dmiral Corporation, Ltd. and its subsidiary company as at
ts of its operations for the year ended on that date, in
accounting principles applied on a basis consistent with that

J. CLARE WILCOX & CO.
CHARTERED ACCOUNTANTS,
AUDITORS.

CONSOLIDATED STATEMENT
OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED
DECEMBER 31, 1965

with comparative figures for 1964

	1965	*1964
Sales	\$30,406,391	\$26,687,558
Cost of goods sold, selling, general and administrative expenses	28,160,869	25,357,443
Income—before the items below	\$ 2,245,522	\$ 1,330,115
Deduct—		
Provision for depreciation	\$ 176,596	\$ 138,311
Amortization of tools, dies and leasehold improvements	118,985	94,500
Directors' remuneration	64,842	65,630
	\$ 360,423	\$ 298,441
Net income before provision for income taxes	\$ 1,885,099	\$ 1,031,674
Provision for income taxes	953,034	512,998
Net income	\$ 932,065	\$ 518,676
Retained earnings at beginning of year	10,059,610	9,540,934
	\$10,991,675	\$10,059,610
Dividend paid	100,722	
Retained earnings at end of year	\$10,890,953	\$10,059,610

* reclassified for comparative purposes.

The accompanying notes are an integral part of this statement.

**Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY**

*NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1965*

- (1) The profit of the unconsolidated finance subsidiary for the year ended December 31, 1965, amounting to \$298 has not been recorded in the accounts. Total earnings of this subsidiary since acquisition amount to \$38,180. It has not been consolidated in this statement due to the nature of its business.
- (2) Certain current assets and current liabilities in foreign currencies were converted at the rate of exchange prevailing at the close of the year.
- (3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$138,500.
- (4) The company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.

directors

Vincent Barreca, Chairman
John M. Godfrey Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
Walter A. Turner
Treasurer
John M. Godfrey Q.C.
Secretary
James J. Fairley
Comptroller
George E. Driscoll
*Assistant Treasurer and
Assistant Secretary*

general offices and factories

*501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA*

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Canadian Adm'r
CORPORATION, LTD.
AND SUCCESSION

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

**CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1966 with comparative figures
(Expressed in Canadian Currency)**

Assets

	1966	1965	
Current Assets			Current Liabilities
Trade receivable (less allowance for doubtful accounts)	\$ 1,256,334	\$ 3,499,966	Accounts payable and accrued
Corporation and related companies—trade ac- counts	7,145,198	4,952,854	Income and other taxes
Less from unconsolidated subsidiary	68,010	138,356	Due to unconsolidated subsi- dary
Inventories—at the lower of cost or market	8,309,629	5,710,551	Admiral Corporation and re- counts
Bad debts expense	51,202	93,213	Total current liabilities
Current assets	<u>\$16,830,373</u>	<u>\$14,394,940</u>	Allowance for Warranties
General Refundable Tax	<u>\$ 51,000</u>		Deferred Income Taxes
Investment in and Advances to Unconsolidated Subsidiary	<u>\$ 505,005</u>	<u>\$ 305,005</u>	Total Liabilities
Plant and Equipment			Shareholders' Equity
Less machinery and equipment—at cost	\$ 3,440,724	\$ 2,741,018	Capital Stock
Accumulated depreciation	1,645,009	1,458,491	Common—par value \$1.00
	<u>\$ 1,795,715</u>	<u>\$ 1,282,527</u>	Authorized—300,000 sh
Less amortized cost of tools, dies and leasehold improvements	142,543	172,289	Issued and fully paid—2
	<u>\$ 1,938,258</u>	<u>\$ 1,454,816</u>	Capital surplus
	<u>\$19,324,636</u>	<u>\$16,154,761</u>	Retained earnings

dated on behalf of the Board

Incent Barreca, DIRECTOR

Stuart D. Brownlee, DIRECTOR

The accompanying notes are an i

Auditors' report to the Shareholders

We examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary company as at December 31, 1966, and the statement of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting documents as we considered necessary in the circumstances.

Upon, and according to the best of our information and the explanations given to us by the books of the companies, the above consolidated balance sheet and

accompanying consolidated statement of income and retained earnings, are properly drawn up to give a true and correct view of the consolidated affairs of Canadian Admiral Corporation, Ltd. and its subsidiary company as at December 31, 1966, and that date, in accordance with accounting principles generally accepted in Canada, and consistent with that of the preceding year.

FEBRUARY 3, 1967.

or 1965

Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY

Liabilities

	1966	1965
expenses	\$ 4,051,221	\$ 2,603,01
	1,666,358	1,209,36
	11,917	
ed companies—trade ac-		
	152,32	
	\$ 5,729,496	\$ 3,964,69
	242,692	186,91
	30,000	43,42
	\$ 6,002,188	\$ 4,195,02
er share		
776 shares	\$ 287,776	\$ 287,77
	781,003	781,00
	\$ 1,068,779	\$ 1,068,77
	12,253,669	10,890,95
	\$13,322,448	\$11,959,73
	\$19,324,636	\$16,154,76

eral part of this statement.

of income and retained earnings, together with the note
as to exhibit a true and correct view of the state of the
Admiral Corporation, Ltd. and its consolidated subsidiary
and the results of its operations for the year ended on
generally accepted accounting principles applied on a basis
year.

J. CLARE WILCOX & CO
CHARTERED ACCOUNTANTS

CONSOLIDATED STATEMENT
OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED
DECEMBER 31, 1966

with comparative figures for 1965

	1966	1965
Sales	\$41,598,295	\$30,406,391
Cost of goods sold, selling, gen- eral and administrative ex- penses	38,383,580	28,160,869
Income—before the items below	\$ 3,214,715	\$ 2,245,522
Deduct—		
Provision for depreciation	\$ 209,004	\$ 176,596
Amortization of tools, dies and leasehold improvements	71,448	118,985
Directors' remuneration	115,547	64,842
	\$ 395,999	\$ 360,423
Net income before provision for income taxes	\$ 2,818,716	\$ 1,885,099
Provision for income taxes	1,456,000	953,034
Net income	\$ 1,362,716	\$ 932,065
Retained earnings at beginning of year	10,890,953	10,059,610
	\$12,253,669	\$10,991,675
Dividend paid		100,722
Retained earnings at end of year	\$12,253,669	\$10,890,953

The accompanying notes are an integral part of this statement.

Canadian Admiral
CORPORATION, LTD.
AND SUBSIDIARY

NOTES TO
CONSOLIDATED FINANCIAL STATEMENTS
AS AT
DECEMBER 31, 1966

(1) Investments in and advances to the unconsolidated wholly-owned finance company, Ensign Acceptance Corporation Ltd., comprise:

Investments in shares at cost	\$ 5,005
Advances	500,000
	<u>\$505,005</u>

This investment and advance plus the retained earnings of \$86,526 of Ensign Acceptance Corporation Ltd. are represented by: Current assets (including instalment contracts due after one year) of \$2,489,121 less current liabilities of \$2,058,349 plus other assets of \$160,759.

The net income of this company amounted to \$48,346 for 1966 and \$298 for 1965. These amounts have not been reflected in the accompanying financial statements. The accounts of the finance subsidiary have not been consolidated in this statement due to the material difference in the nature of the business.

(2) Certain current assets and current liabilities in foreign currencies were converted at the rate of exchange prevailing at the close of the year.

(3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$151,474.

(4) The company is contingently liable under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the company.

directors

Vincent Barreca, Chairman
John M. Godfrey, Q.C.
Ross D. Siragusa
Stuart D. Brownlee
Edwin Whittaker
George E. Driscoll

officers

Stuart D. Brownlee
President
Edwin Whittaker
Vice President
Walter A. Turner
Treasurer
John M. Godfrey Q.C.
Secretary
James J. Fairley
Comptroller
George E. Driscoll
Assistant Treasurer and
Assistant Secretary

general offices and factories

501 LAKESHORE ROAD
PORT CREDIT, ONTARIO, CANADA

DECEMBER 31, 1969

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DIRECTORS

Vincent Barreca, Chairman
Stuart D. Brownlee
George E. Driscoll
John M. Godfrey, Q. C.
Ross D. Siragusa, Jr.
Edwin Whittaker

OFFICERS

Stuart D. Brownlee
President
Edwin Whittaker
Executive Vice President-
Marketing
G. L. Irvine
Vice President-Special Products
J. A. Reed
Vice President-Sales,
Province of Quebec
John Stubbs
Vice President-Operations
Walter A. Turner
Vice President-Finance and
Treasurer
John M. Godfrey, Q. C.
Secretary
Robert Topp
Comptroller
George E. Driscoll
Assistant Treasurer and
Assistant Secretary

**CANADIAN
ADMIRAL**
CORPORATION, LTD.
AND SUBSIDIARY

GENERAL OFFICES AND FACTORY
501 Lakeshore Road
Port Credit, Ontario, Canada

RJ
**CANADIAN
ADMIRAL**
CORPORATION, LTD.
AND SUBSIDIARY

**CONSOLIDATED
FINANCIAL
STATEMENT**

DECEMBER 31, 1969

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969 (WITH COMPARATIVE FIGURES FOR 1968) (Expressed in Canadian Dollars)

ASSETS

Current Assets

	1969	1968
Cash	\$ 1,512,762	\$ 4,406,572
Accounts receivable (less allowance for doubtful accounts)	9,096,320	7,339,090
Federal refundable tax	19,004	
Inventories—at the lower of cost or net realizable value	9,141,096	7,707,198
Prepaid expenses (note 7)	100,441	101,228
Total current assets	\$19,869,623	\$19,554,088

		\$ 57,825
Federal Refundable Tax		

Investment in and note receivable from Unconsolidated Finance Subsidiary (at underlying book equity)—(note 1)	\$ 1,570,040	\$ 1,051,637

Property, Plant and Equipment

	1969	1968
Land, building, machinery and equipment—at cost	\$ 4,725,327	\$ 3,954,214
Less accumulated depreciation	2,218,538	2,021,675

	1969	1968
Unamortized cost of tools, dies and leasehold improvements	\$ 2,506,789	\$ 1,932,539

	1969	1968
Deferred Income Tax Charges	\$ 154,724	\$ 154,543

	1969	1968
	\$ 2,661,513	\$ 2,087,082

	1969	1968
	528,600	390,000

	1969	1968
	\$24,629,776	\$23,140,632

Signed on behalf of the Board:	
Vincent Barreca	DIRECTOR
Stuart D. Brownlee	DIRECTOR

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	
Income and other taxes payable	
Due to unconsolidated subsidiary	
Note payable to Admiral Industrial Enterprises Corporation	
Admiral Corporation and its consolidated companies—trade accounts payable	
Total current liabilities	

Allowance for Warranties and Returns

Total Liabilities

Shareholders' Equity

Capital Stock	
Common—par value \$1.00	
Authorized—300,000 shares	
Issued and fully paid	
Capital surplus	
Retained earnings	

The accompanying notes are an integral part of this statement.

AUDITORS' REPORT

To the Shareholders of
Canadian Admiral Corporation, Ltd.

We have examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary as at December 31, 1969 and the consolidated

statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles.

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF
INCOME AND RETAINED EARNINGS**

FOR THE YEAR ENDED DECEMBER 31, 1969
(With comparative figures for 1968)

1969	1968
\$ 4,924,401	\$ 3,374,546
1,815,767	1,854,087
11,821	18,175
428,954	
364,383	390,803
\$ 7,545,326	\$ 5,637,611
1,032,018	725,752
\$ 8,577,344	\$ 6,363,363
\$ 287,776	\$ 287,776
781,003	781,003
\$ 1,068,779	\$ 1,068,779
14,983,653	15,708,490
\$16,052,432	\$16,777,269
\$24,629,776	\$23,140,632

on a basis consistent with that of the preceding year.

J. CLARE WILCOX & CO.
Chartered Accountants.

Toronto, Ontario,
February 5, 1970.

The accompanying notes are an integral part of this statement.

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CANADIAN ADMIRAL**CORPORATION, LTD. AND SUBSIDIARY****CONSOLIDATED STATEMENT OF SOURCE****AND APPLICATION OF FUNDS FOR THE****YEAR ENDED DECEMBER 31, 1969***(With comparative figures for 1968)***CANADIAN ADMIRAL****CORPORATION, LTD. AND SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS AS AT DECEMBER 31, 1969**

	1969	1968
Source of Funds		
Net income for year	\$ 2,440,699	\$ 1,922,907
Provision for depreciation	237,187	210,811
Amortization of tools, dies and leasehold improvements	122,685	121,810
Equity in earnings of un- consolidated finance subsidiary	(118,403)	(67,801)
Increase in allowance for warranties	306,266	197,984
Increase in deferred income tax charges (note 7)	(138,600)	(125,561)
From operations	\$ 2,849,834	\$ 2,260,150
From Federal refundable tax	57,825	13,196
Total	\$ 2,907,659	\$ 2,273,346
Application of Funds		
Dividend paid	\$ 3,165,536	
Expenditures for property, plant and equipment	811,437	\$ 341,231
Expenditures for tools, dies and leasehold alterations	122,866	48,895
Increase in advance to un- consolidated finance subsidiary	400,000	
Total	\$ 4,499,839	\$ 390,126
Increase (Decrease) in Working Capital	\$(1,592,180)	\$ 1,883,220
Working Capital at beginning of year	13,916,477	12,033,257
Working Capital at end of year (note 7)	\$12,324,297	\$13,916,477

The accompanying notes are an integral
part of this statement.

(1) Investment in and note receivable from the finance subsidiary
comprises:

Investment in shares at underlying book equity	... \$ 370,040
Note receivable—subordinated—due	
January 29, 1971	1,200,000

\$1,570,040

The underlying net assets of the finance company (after elimination of note payable to parent) consist of current assets of \$5,944,243 (including instalment contracts due after one year), less current liabilities and sundry credits of \$4,546,357 plus other assets of \$172,154. The accounts of the finance subsidiary have not been consolidated in this statement due to the material difference in the nature of the business.

Under an agreement between the Company and the finance subsidiary the recourse obligations of the company in respect to repurchase of repossessions and evidence of indebtedness of any dealer, or manufacturer are limited in each calendar year to 25% of the finance company's average monthly total outstandings of the respective receivable category during the preceding calendar year.

(2) Certain current assets and current liabilities in foreign currencies were converted to Canadian funds at the rate of exchange prevailing at the close of the year.

(3) The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$225,160.

(4) The Company is contingently liable with respect to certain claims for alleged patent infringements and under repurchase agreements, the effect of which, in the opinion of management, will not materially affect the business of the Company.

(5) Outstanding Letters of Credit at December 31, 1969 amounted to \$212,931.

(6) Remuneration paid to the Company's directors includes amounts paid to directors holding salaried employment. Directors' remuneration paid amounted to \$161,967 in 1969 and \$120,399 in 1968. Direct remuneration of directors and senior officers as defined under the Securities Act of 1966 of Ontario amounted to \$250,228 in 1969 and \$205,141 in 1968.

(7) The Company reflects in its statement of income, revenues and expenses in the period to which they relate, however, certain costs (i.e. warranty costs) are not deductible for income tax purposes until subsequent years and certain revenues (i.e. from service contracts) are taxable in the year of receipt. Income taxes prepaid as a result of these items are shown in Prepaid Expenses (as noted below) for current items and as Deferred Income Tax Charges for non-current items.

Prepaid Expenses include \$80,400 prepaid income tax charge in 1969 and \$70,100 in 1968. Working capital at December 31, 1968 has been amended to effect this change.

DECEMBER 31, 1970

*Carb***DIRECTORS**

Vincent Barreca, *Chairman*
Stuart D. Brownlee
George E. Driscoll
John M. Godfrey, Q. C.
Ross D. Siragusa, Jr.
Edwin Whittaker

OFFICERS

Stuart D. Brownlee
President
Edwin Whittaker
Executive Vice President-Marketing
J. A. Reed
Vice President-Sales, Province of Quebec
John Stubbs
Vice President-Operations
Walter A. Turner
Vice President-Finance and Treasurer
John M. Godfrey, Q. C.
Secretary
Robert Topp
Comptroller
George E. Driscoll
Assistant Treasurer and Assistant Secretary

**CANADIAN
ADMIRAL
CORPORATION, LTD.
AND SUBSIDIARY**

GENERAL OFFICES AND FACTORY
501 Lakeshore Road
Port Credit, Ontario, Canada

**CANADIAN
ADMIRAL
CORPORATION, LTD.
AND SUBSIDIARY**

*CANADIAN ADMIRAL,
SUBSIDIARY OF
ADMIRAL INTERNATIONAL
ENTERPRISES CORP.*

**CONSOLIDATED
FINANCIAL
STATEMENT**

DECEMBER 31, 1970

CANADIAN ADMIRAL CORPORATION, LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1970 (WITH COMPARATIVE FIGURES FOR 1969) (Expressed in Canadian Dollars)

ASSETS

Current Assets

	1970	1969
Cash	\$ 1,984,599	\$ 1,512,762
Accounts receivable (less allowance for doubtful accounts)	9,088,764	9,096,320
Federal refundable tax	—	19,004
Inventories—at the lower of cost or net realizable value ..	7,726,395	9,141,096
Prepaid expenses (including prepaid income tax charges: 1970—\$439,800; 1969—\$456,800)	469,467	476,841
Total current assets	19,269,225	20,246,023

Investment in and note receivable from

Unconsolidated Finance Subsidiary

(at underlying book equity)—(note 1)

1,702,487 1,570,040

Property, Plant and Equipment

Land, building, machinery and equipment—at cost	4,816,262	4,663,312
Less accumulated depreciation	2,448,369	2,194,685
	2,367,893	2,468,627
Unamortized cost of tools, dies, leasehold and land improvements	225,990	192,886
	2,593,883	2,661,513
Deferred Income Tax Charges	260,900	152,200
	\$23,826,495	\$24,629,776

The accompanying notes are an integral part of this statement.

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	
Income and other taxes	
Due to unconsolidated subsidiary	
Note payable to Admiral Enterprises Corporation	
Admiral Corporation and subsidiary trade accounts	
Allowance for warranties	
current—(note 2)	
Total current liabilities	
Allowance for Warranties	
Total Liabilities	

Shareholders' Equity

Capital Stock:	
Common—par value 100 cents	
Authorized—300,000 shares	
Issued and fully paid—299,883 shares	
Contributed surplus	
Retained earnings	

Signed on behalf of the Board:

Vincent Barreca

Stuart D. Brownlee

AUDITORS' REPORT

To the Shareholders of
Canadian Admiral Corporation, Ltd.

We have examined the consolidated balance sheet of Canadian Admiral Corporation, Ltd. and its consolidated subsidiary as at December 31, 1970 and the consolidated statements of income and retained earnings

and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated statements present fairly the position of the companies as at December 31, 1970 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles.

CANADIAN ADMIRAL
CORPORATION, LTD. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF
INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for 1969)**

	1970	1969
ed expenses	\$ 3,494,035	\$ 4,924,401
subsidiary	1,363,610	1,815,767
International	25,316	11,821
ited companies—	252,755	428,954
nd prepaid service contracts—	96,844	364,383
	650,305	704,768
	5,882,865	8,250,094
	563,565	327,250
	6,446,430	8,577,344
0 per share shares		
287,776 shares	287,776	287,776
	781,003	781,003
	1,068,779	1,068,779
	16,311,286	14,983,653
	17,380,065	16,052,432
	\$23,826,495	\$24,629,776

	1970	1969
Sales	\$60,456,999	\$66,907,641
Cost of goods sold, selling, general and administrative expenses	57,480,528	61,595,473
Income—before the items below	2,976,471	5,312,168
Other deductions and other (income)		
Provision for depreciation	285,468	235,271
Amortization of tools, dies, leasehold and land im- provements	120,817	124,601
Net income before taxes of finance subsidiary. The net income after taxes amounted to \$132,447 (1969—\$118,403)	(261,947)	(229,903)
	144,338	129,969
Net income before provision for income taxes	2,832,133	5,182,199
Provision for income taxes	1,504,500	2,741,500
Net income	1,327,633	2,440,699
Retained earnings at beginning of year	14,983,653	15,708,490
Dividend paid	16,311,286	18,149,189
Retained earnings at end of year	\$16,311,286	\$14,983,653

The accompanying notes are an integral part of this statement.

The parentheses have been used to indicate the difference between the net income before taxes and the net income as opposed to the other 2 deductions.

(Explanation from Robert Topp,
controller.)

plied on a basis consistent with that of the preceding year.

MAC GILLIVRAY & CO.
Chartered Accountants.

Hamilton, Ontario,
February 6, 1971

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DIRECTOR
DIRECTOR

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CANADIAN ADMIRAL**CORPORATION, LTD. AND SUBSIDIARY****CONSOLIDATED STATEMENT OF SOURCE
AND APPLICATION OF FUNDS FOR THE
YEAR ENDED DECEMBER 31, 1970**
(with comparative figures for 1969)

	1970	1969
Source of Funds		
Net income for year	\$ 1,327,633	\$ 2,440,699
Provision for depreciation	285,468	235,271
Amortization of tools, dies, leasehold and land im- provements	120,817	124,601
Equity in earnings of un- consolidated finance subsidiary	(132,447)	(118,403)
Increase in allowance for warranties	236,315	42,333
Increase in deferred in- come tax charges	(108,700)	4,069
From operations	1,729,086	2,728,570
From Federal refundable tax	—	57,825
Total	1,729,086	2,786,395
Application of Funds		
Dividend paid	—	3,165,536
Expenditures for property, plant and equipment	184,734	809,521
Expenditures for tools, dies and leasehold alterations	153,921	124,782
Increase in advance to un- consolidated finance subsidiary	—	400,000
Total	338,655	4,499,839
Increase (Decrease) in Work- ing Capital	1,390,431	(1,713,444)
Working Capital at begin- ning of year	11,995,929	13,709,373
Working Capital at end of year	\$13,386,360	\$11,995,929

The accompanying notes are an integral
part of this statement.

CANADIAN ADMIRAL**CORPORATION, LTD. AND SUBSIDIARY****NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1970****1. The Unconsolidated wholly-owned Finance Subsidiary:**

(a) The accounts of the finance subsidiary have not been consolidated with those of the Company because of the material difference in the nature of the business.

(b) The underlying net assets of the finance subsidiary (before deducting an amount of \$1,200,000 represented by a note payable to the parent Company) are included on the balance sheet in the amount of \$1,702,487, and consist of net current assets of \$1,429,519 (primarily cash of \$282,473; accounts receivable of \$5,848,271—including instalment contracts due after one year; less loan payable of \$4,700,000) plus non-current assets (net) of \$272,968.

2. Allowance for Warranties and Prepaid Service Contracts—Current:

The current portion of the allowance for warranties and prepaid service contracts appears separately under current liabilities. The applicable prepaid tax charge is classified under current assets and is included in the item "prepaid expenses". The comparative figures for the year 1969 are adjusted accordingly in the consolidated balance sheet and the consolidated statement of source and application of funds.

3. Conversion of U. S. Currency:

Certain current assets and current liabilities transacted in U.S. funds, are expressed in Canadian currency, converted at the rate of exchange prevailing at the close of the year.

4. Future Commitments under Real Property Leases:

The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) under leases for office and warehouse facilities amount to \$250,599.

5. Contingent Liabilities:

(a) The recourse obligations of the Company in respect to repurchases of repossessions and evidence of indebtedness of any dealer or manufacturer are limited, under an agreement with the finance subsidiary in each calendar year to 25% of the finance company's average monthly total outstanding of the respective receivable category during the preceding calendar year.

(b) Outstanding Letters of Credit amounted to \$136,000 at December 31, 1970.

6. Directors and Officers:

The Company had six directors for the years 1970 and 1969 and remuneration was paid or payable to them as directors in respect of those years. There were also eleven officers (of which five were directors) in each of the years and the aggregate remuneration paid and payable to them as officers was \$181,242 in 1970 and \$242,524 in 1969.